

Report of:	Head of Housing and Waste Management
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Key Decision:	No
Report Track:	HPDC – 21/10/2013 Cabinet – 21/11/2013

HOUSING POLICY DEVELOPMENT COMMITTEE**21 OCTOBER 2013****INTRODUCTION OF A 52 WEEK RENT YEAR****1 Purpose of Report**

- 1.1 To consider the introduction of a 52 week rent year to accord with the Universal Credit payment regime.

2 Recommendations

- 2.1 That Cabinet on 21 November 2013 are recommended to introduce a 52 week rent year for 2014-15 and subsequent years.

3 Key Issues and Reasons for Recommendation

- 3.1 The Council's current policy is to charge rent over a "50 week rent year" with two "rent free weeks" during the Christmas period.
- 3.2 Universal Credit will, however, be calculated on the basis of a 52 week rent year and as a result the monthly Universal Credit payment will not fully cover the monthly rent.
- 3.3 It is therefore proposed that for 2014-15 and subsequent years the Council should charge its rents on the basis of a 52 week year to accord with the Universal Credit payment regime.
- 3.4 However, should any tenant wish to continue to have a rent free period at Christmas this could continue through an individual arrangement with the Council.

4 Relationship to Corporate Priorities

- 4.1 The implementation of a “52 week rent year” will contribute to the service aim to “manage the Council’s housing stock” which forms part of the Housing Portfolio section of the agreed 2013-14 “Place” Priority Delivery Plan.

5 Report Detail

- 5.1 The Welfare Reform Act 2012 introduced radical changes to the benefits system. These include the introduction of the Social Sector Size Criteria, an overall Benefit Cap and Universal Credit.
- 5.2 The potential impact of these changes was considered by the Housing Policy Development Committee on 10 January 2012 and 19 March 2013, who were also advised of the actions that were being taken to advise tenants of the (then) forthcoming changes.
- 5.3 The first two of the changes (Social Sector Size Criteria and the Benefit Cap) have now been implemented with Cabinet on 19 September 2013 agreeing a number of policy changes to assist households who are affected by the Social Sector Size Criteria.
- 5.4 Universal Credit has not, however, been implemented whilst it was initially planned to commence on 1 October 2013 for new claimants and then be phased over a four year period, the Government have extended the national pilot schemes to 31 January 2014 to enable a more comprehensive evaluation to be made. As a result, Universal Credit is not expected to impact for new tenants until April 2014 at the earliest. The dates for the “rollout” to existing tenants is unknown but a date of 2017 has been set for completion.
- 5.5 Universal Credit will present a number of issues for Council tenants, particularly in relation to the monthly payment regime and the direct payment of benefits (including Housing Benefit) to claimants. Although households with a vulnerable person or Pension Credit claimants are exempt from this change and will still have their Housing Benefit paid directly to their rent account, it is expected that the changes will impact on some 1,500 tenants who are of working age.
- 5.6 It is evident that Universal Credit will have a number of implications on the Council’s ability to collect rent payments and this will be fully addressed when the outcomes of the national pilot schemes have been reported.
- 5.7 However, it is already clear that Universal Credit will be calculated on the basis of rent paid over 52 week year, whereas the Council currently profile the required rent payments over a 50 week year, with two “rent free” weeks during the Christmas period. As a result, rental element of the monthly Universal Credit payment will not fully cover the monthly rent.
- 5.8 It is therefore proposed that for 2014-15 and subsequent years the Council should charge its rents on the basis of a 52 week year to accord with the Universal Credit payment regime.

- 5.9 However, should any tenant wish to continue to have a rent free period at Christmas, this could continue through an individual arrangement with the Council.

6 Implications

6.1 Financial

Changing from a 50 week year to a 52 week year will not increase the total amount of rent the Housing Revenue Account will receive or the amounts individual tenants are required to pay over the year. The rent calculation reported to Cabinet in February each year is calculated based on a 52 week rent year which is then profiled to collect the annual rental charge over a 50 week period.

The change to a 52 week collection basis may have a slight increase in the charges the Council pay in the form of transactional costs such as bank charges but these are not expected to be significant.

6.2 Legal

None

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

None

6.8 Equality & Diversity

None

6.9 Best Value

None

7 Appendices to the Report

None

Previous Consideration

Housing Policy Development Committee	10 January 2012	Housing Implications of the Government's Welfare Reform Agenda
Housing Policy Development Committee	19 March 2013	Update on the Housing Implications of the Government's Welfare Reform Agenda
Cabinet	19 September 2013	Social Sector Size Criteria

Background Papers